PruFund UPA announcement: April 2024

This report is for customers invested in the PruFund range of funds only and covers the outcome of the latest PruFund UPA announcement. All PruFund announcements occur on the 25th (or next working day). Expected Growth Rate (EGR) announcements occur quarterly in February, May, August and November. Unit Price Adjustment (UPA) announcements occur on a monthly basis outside of these dates but only relate to the PruFund range of funds available via:

- International Portfolio Bond (Series C)
- Retirement Account (Series E)
- M&G Wealth Platform (Series F)

A summary of historic EGR and UPA information is available **here**.

What's been announced

At the latest month end we have announced that **no UPAs have been applied** to the PruFund range of funds.

Latest market context from the M&G Treasury & Investment Office

The current period since the last update on 25 March 2024 has been mixed for global markets with slowing inflation and shifting expectations towards 'higher for longer' interest rate views.

- **There is continued evidence inflation has peaked, with falls seen in the UK, US and Eurozone over recent months and that rates are at the higher end of their potential range.** While recent central bank discussions have supported the shift towards 'higher for longer' interest rate views, particularly in the US, it remains likely the next move in interest rates will be downwards, officials have been cautious to confirm when these cuts will be implemented, with a careful eye on data to ensure a sustainable route back to the 2% inflation target. There are indications the European Central Bank (ECB) could cut rates before the Fed, starting in June.
- **As we've entered 2024, a number of longer-term themes remain** with government officials cautious to confirm when rate cuts will be implemented following continued narrative around the easing of monetary policy in the second half of 2024 negative sentiment towards the real estate market and lower consumer confidence in China; and contractions on business activity.
- **Escalations of conflict in the Middle East with a series of strikes between Iran and Israel** has the potential to further disrupt supply chains, although oil prices are little changed at present. It continues to be a challenging time for investors and will likely see further political uncertainty, given that there are national elections being held in a number of countries, most notably the US, where foreign policy could shift significantly depending on the election outcome.
- **Different regions continue to separate in their post-pandemic recoveries and inflation characteristics.** Some economies that moved early to hike rates last year as inflation rose are now beginning to cut. The trade-off between growth and inflation will continue to evolve in 2024.
- **The varying experiences across different regions** highlights the diversification benefit more than ever of maintaining good breadth of coverage across global capital markets.

Long-term outlook for PruFund

M&G Treasury and Investment Office (T&IO) continue to ensure that PruFund funds are well diversified across different asset classes and regions, with positive exposure to factors such as inflation risk and tilted toward the solutions to the problems of the coming decade.

PruFund's diversified exposure to real assets such as property, infrastructure, and private credit provide strong linkages to inflation. The breadth of our asset class coverage provides strong exposure to macro factors of returns: Growth (Global), Emerging Market Growth, Inflation, Interest Rates, Credit and Illiquidity.

T&IO continue to monitor the current volatility seen in markets and identify potential risks and opportunities surrounding stimulus measures and investor sentiment, ensuring PruFund funds are well placed to continue delivering for you over the medium to long term. PruFund is designed to be a medium to long term investment (5 to 10 years or more) and over this time period PruFund has delivered consistent returns comparative to other multi-asset funds.

UPAs are backward looking i.e. based on the performance of underlying assets. EGRs are forward looking based upon our expectations of future asset performance.

The value of your investments can go down as well as up and you could get back less than you paid in. Past performance is not a reliable indicator of future performance.

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